GOVERNMENT OF INDIA
COMMERCE AND INDUSTRY
LOK SABHA

STARRED QUESTION NO:360
ANSWERED ON:13.12.2002
PLAN FOR COFFEE SECTOR
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Will the Minister of COMMERCE AND INDUSTRY be pleased to state:

(a) whether the Government have chalked out a plan to boost both export and domestic consumption of coffee during the next five years;

(b) if so, the details of the plan;

(c) whether the Government have also prepared a new economic package for coffee growers;

(d) if so, the details thereof and the nature of economic assistance that would be given in the new package;

(e) the time by which the new package is likely to be announced;

(f) the extent to which this new package would be helpful for the coffee growers;

(g) whether the Government propose to prepare similar package for the tea growers also; if not, the reasons therefor;

(h) whether the Government have identified new regions for the cultivation of coffee; and

(i) if so, the details thereof?

Answer

MINISTER OF COMMERCE AND INDUSTRY (SHRI ARUN SHOURIE)

(a) to (i) A Statement is laid on the Table of the House.

STATEMENT REFERRED TO IN REPLY TO PARTS (a) TO
(i) OF THE LOK SABHA STARRED QUESTION NO.360 FOR ANSWER ON 13th DECEMBER, 2002 REGARDING PLA
COFFEE SECTOR

(a)-(b): The Coffee Board is implementing a medium-term export strategy, focusing on different markets, different grades and varieties of value-added coffees. Simultaneously, the Board is also implementing a domestic marketing strategy for increasing consumption of coffee within the country during the 10th Plan period. The medium-term export strategy, taken up by the Board is based upon the concrete suggestions and plan of action arising out of the report of M/s Mckinsey & Co.The strategy envisages improvement in market share for Indian coffee in key international markets and to maximize export earnings. Similarly, the Board`s domestic marketing strategy includes generic promotion highlighting the positive aspects of coffee, organizing training sessions for domestic roasters and holding regional coffee festivals.

During the 10th Plan period, the Board is implementing plan schemes with an outlay of Rs.40 crores exclusively for export promotion and increasing domestic consumption of coffee.

(c) to (f): Concerned with the problems of the coffee growers, who are facing hardships due to the prevailing low prices, the Government of India have taken a series of steps in the recent past for the benefit of coffee sector. This includes a special relief package for the coffee growers (announced by the Reserve Bank of India) under which their term loans as well as crop loans have been consolidated into a Special Coffee Term Loan (SCTL) with repayment period of 9-11 years and repayment holiday of 3 years, grant of fresh loans, reduction of interest rate on SCTL by 1%, deferment of interest due on SCTL during the current year to be recovered over the next 3 years etc.

In addition, the Government of India has taken measures, which include:

- 5% interest subsidy to small growers on the working capital loans taken by them from financial institutions,
- financial incentives for export of coffee
- innovative marketing strategies in the international as well as domestic markets to arrest the decline in exports and also to increase domestic consumption;

The SCTL package, being implemented by commercial banks, will effectively postpone the repayment of debt, provide for need based fresh crop loans after re-scheduling the existing crop loans and result in reduced cost of loans. All these measures will certainly provide relief to the coffee growers.

(g): The Reserve Bank of India has in August, 2002 already announced a relief package which provides for restructuring/re-schedulement of the loans outstanding in the tea sector from the commercial banks etc.

(h): Instead of prospecting new areas for coffee cultivation during 10th Five Year Plan, Coffee Board would strengthen its activities for the benefit of coffee growers in the non-traditional areas such as Andhra Pradesh, Orissa and the North Eastern States.

(i) Does not arise.